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Legislative Fiscal Division



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The Legislative Fiscal Division

Presents:

Profile of...

Dept. of Labor & Industry

State of Montana



Agency Profile

This agency profile will discuss...

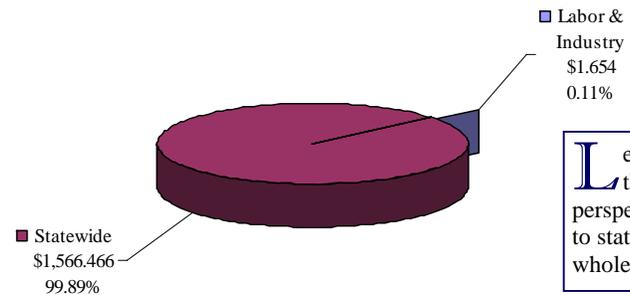
- structure and funding
- primary functions and
- historical expenditures

The profile also includes information on how decisionmakers can effect change in the agency's expenditures along with a listing of pertinent statistics. For an explanation of terms used in this profile, consult the "Background on the Agency Profiles" at:

<http://leg.mt.gov/css/fiscal/default.asp>

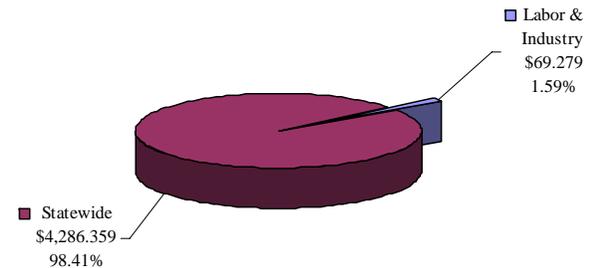
Sept. 2006

General Fund Statewide Comparison
FY 2006



Let's begin by putting the agency's size in perspective by comparing it to state government as a whole.

Total Funds Statewide Comparison
FY 2006



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Section D
Corrections & Public Safety



What the Agency Does

The Department of Labor and Industry (DOLI) works to promote the well being of Montana's workers, employers, and citizens and to uphold their rights and responsibilities through the following functions:

- Oversee and regulate the Montana Workers' Compensation system
- Enforce state/federal labor standards, antidiscrimination laws, and state/federal occupational safety health laws
- Provide adjudicative services in labor-management disputes
- Administer unemployment insurance, establish unemployment insurance tax rates, collect employer contributions, and disburse state unemployment benefits
- Serve as an employment agency, provide job training to assist individuals in preparing for and finding jobs, and assist employers in finding workers
- Oversee federal and state training and apprenticeship programs
- Conduct research and collect employment statistics
- Administer the federal AmeriCorps and Learn and Serve programs through the Office of Community Services
- License, inspect, test, and certify all weighing or measuring devices used in making commercial transactions in the State of Montana
- Provide administrative and clerical services to the 35 professional boards and occupational licensing programs authorized by state statutes
- Establish and enforce minimum building codes

Total FTE: 808.33 for fiscal 2006 (includes both HB 2 and proprietary fund authority)



Statewide Factors With Impact

In addition to the factors above, a number of factors common to many agencies will also impact changes in expenditures over time.

- State FTE – state employees perform most functions of the Department of Labor and Industry, with personal services accounting for 27 percent of DOLI expenditures; personal service costs are the largest single area that drives costs. Therefore, any decisions that change FTE levels will have a direct and immediate impact on the delivery of services/functions by the DOLI. Factors affecting personal service costs include:
 - Professional/technical/educational requirements of FTE job descriptions
 - Cost of benefits
 - Years of service or longevity
- Economic factors
 - Job dislocation
 - Unemployment rate



Statutory References

The primary statutory references defining duties and responsibilities of the DOLI are found at the following locations.

Primarily Titles 18, 39, 49, 50, and 90, MCA, and the federal Corporation for National Service.



How the Legislature Can Effect Change

In order to change expenditure levels and/or Department of Labor and Industry (DOLI) activity, the legislature must address one or more of the following basic elements that drive costs.

- Workplace safety regulations – although there is a body of federal regulation that governs workplace safety (e.g., OSHA), state government also has the opportunity to regulate workplace conditions and determine how those regulations will be enforced. Addressing the definitions of workplace regulations as well as the frequency and manner that regulations are enforced and defining the remedies and sanctions related to violations may influence activity of the Department of Labor and Industry. All of these affect the DOLI's work in this area, including hearings activity.
- Human/civil rights protections – addressing the regulations, protections, and remedies or sanctions in this area may change DOLI activity. There are rights protections that are a matter of federal regulation, but state regulations may provide broader coverage than the federal regulations.
- Unemployment benefit eligibility and employer taxation – while much of the unemployment benefits system is driven by federal regulation (US Department of Labor), each state has the authority to define the eligibility criteria for benefits, the benefit levels for eligible recipients, and the tax schedule that employers use in contributing to the unemployment insurance trust fund. Therefore, addressing the definitions of eligibility, benefit levels and tax schedules can change DOLI activity.
- Building codes/weights and measures – the regulations that govern building codes as well as weights and measures include a body of state statute that defines both the standards as well as the frequency and content of inspections and enforcement. Each of these definitions can be addressed in order to change department activity in this area.
- Number of professional/occupational licensing boards – presently the DOLI provides administrative support for 32 licensing boards and 5 licensing programs. The regulations that govern these 37 areas, as well as the potential for additional areas to regulate, are a function of how the state defines its responsibilities in this area. DOLI activity in regulating may be addressed through these definitions and through decisions to add more professions/occupations to state regulation and oversight.
- Accessibility of job service programs – in order to deliver employment agency and job training programs to dislocated workers and employers, the DOLI operates 23 Job Service centers across Montana with 14 regional managers. Addressing either the number of centers in operation and/or the level of program delivery to be offered at each center may change DOLI activity in this area.



How Services Are Provided

The Department of Labor and Industry consists of five divisions and two administratively attached entities with the following functions:

Workforce Services Division provides a wide range of both federal- and state-funded employment and training programs to maintain a high quality workforce system that enhances the economic health of Montana.

Employment Relations Division regulates workers' compensation insurance requirements, administers the contractor registration and independent contractor exemptions functions, assists with settlements of disputed workers' compensation claims, enforces state and federal labor laws related to payment of wages, conducts mediation of collective bargaining contracts, hears disputes regarding both labor relations and wage and hour issues, enforces state and federal industrial safety laws, and investigates and resolves complaints of illegal discrimination.

Unemployment Insurance Division administers the state unemployment insurance law and related federal programs through which benefits are paid, responds to inquiries concerning claims, and adjudicates disputed benefit claims.

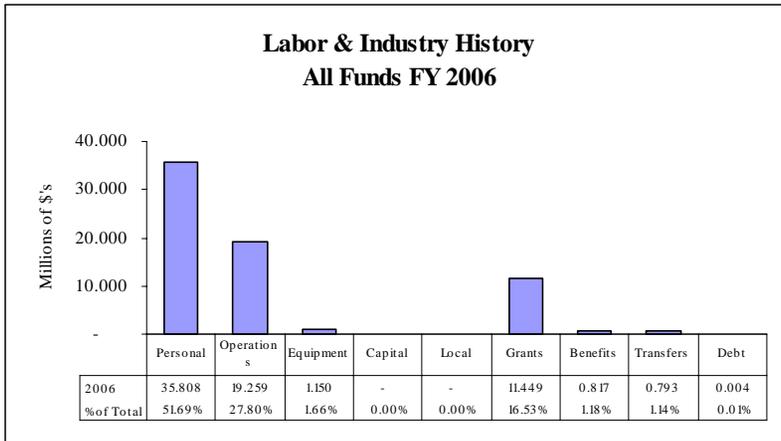
Business Standards Division establishes and enforces minimum building, plumbing, mechanical, electrical, energy, elevator, and boiler codes. The division also licenses and regulates persons and businesses engaged in specific professions and occupations. Finally, the division is responsible for licensing, inspecting, testing, and certifying all weighing and measuring devices used in commercial transactions.

Centralized Services/Commissioner's Division provides program direction and legal, administrative, and support services to the department. The Board of Labor Appeals is administratively attached and hears appeals concerning the administration of Montana unemployment insurance law and employer/employee relationships.

Workers' Compensation Court provides a fair forum for Montana employees and the insurance industry to resolve disputes rising out of work-related injuries and occupational disease.

Office of Community Service administers national service programs (AmeriCorps and Learn and Serve) and other volunteer community service programs in Montana.

The Department of Labor and Industry provides these services and functions primarily through the employment of state FTE (51.7 percent of expenditures), who staff Job Service offices, disburse unemployment benefits, adjudicate disputes in administrative and court hearings, regulate and license various businesses and professions, and provide staff support for professional boards and committees. Additionally, the department funds job training and related dislocated worker support programs, as well as community-based volunteer programs, by dispersing grants (16.5 percent of expenditures) to service providers (e.g., vocational and technical schools, nonprofit social service groups). Finally, employment agency services are provided in a community-based setting through 23 Job Service Centers located throughout Montana, adding to operations costs (27.8 percent of expenditures).



Agency Functions, State Purposes, & Customers Served

The agency is structured to perform certain functions in support of general state government purposes. The following lists the major functions, purpose of provision of the functions, and primary customers served.

State Purposes	Major Agency Functions	Customers
Provision of Justice and Protection of Life and Property	Adjudicate workers' compensation disputes	Injured workers and employees
	Adjudicate unemployment benefits disputes	Unemployed workers and employers
	Adjudicate civil rights/discrimination disputes	Workers and employers
Workforce Support	Job Service employment & training agency	Unemployed workers and employers
	Unemployment insurance benefits	Unemployed workers
	Data research and analysis	Workers and employers
Consumer/Citizen Protection	Enforce workplace safety standards	Workers and employers
	Enforce building codes and weights/measures	Consumers
	Regulate and license professional standards	Consumers
Infrastructure—Government and Physical	Community service volunteer coordination	General public and citizenry
General Operation of State Government	Administrative support and leadership	Department of Labor and Industry

- General fund expenditures increased in FY 2006 due to funding switches for the Jobs for Montana Graduates and the Human Rights Bureau
- State special revenue expenditures have increased over the period due in part to the state pay plan, and an increase in demand by employers for a variety of business services delivered through Job Service Workforce Centers. As of FY 2002, however, state special revenue expenditures experienced an increase of more than 60 percent. This increase can be attributed to the departmental reorganization that moved these three divisions (Weights & Measures, Professional and Occupational Licensing, and Building Codes) from the Department of Commerce to the Department of Labor and Industry. This reorganization increased DOLI FTE by 106.3 and state special revenue expenditures by \$9.4 million per year
- Federal special revenue expenditures have experienced a steady but smaller level of growth during this time, but there are two significant spikes:
 - FY 1999 expenditures increased by 19 percent over FY 1998 due to increased federal funding for job training and welfare to work programs. Much of these expenditures were in the form of grants
 - FY 2003 expenditures increased by 1.1 percent due to increased federal funding for community service programs, unemployment insurance administrative upgrades, increase in the Unemployment Insurance Contingency Fund, and additional Workforce Investment Act grants
 - FY 2004 through FY 2006 expenditures decreased by 20.3 percent due to reductions in Workforce Investment Act grants and Reed Act funds



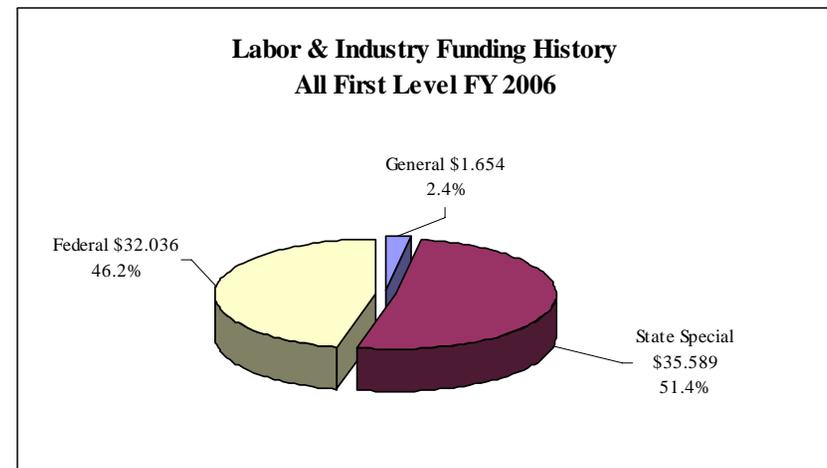
How Services Are Funded

The Department of Labor and Industry is almost exclusively funded from federal and state special revenue sources.

General fund revenue provides just 2 percent of department funding, supporting silicosis and social security benefits, human rights enforcement and hearings, the Jobs for Montana Graduates program, and the match required for federal community service funding.

State special revenue provides 51 percent of department funding. Most of the revenue is from licensing and regulatory fees on professions and occupations, from administrative fees related to workers' compensation, and from the employment security tax on employers.

Federal special revenue provides 46 percent of department funding. These funds are primarily through job training and workforce investment program funding. However, the department also receives unemployment insurance administration funding and community service grant programs, such as Americorps.





Related Data & Statistics

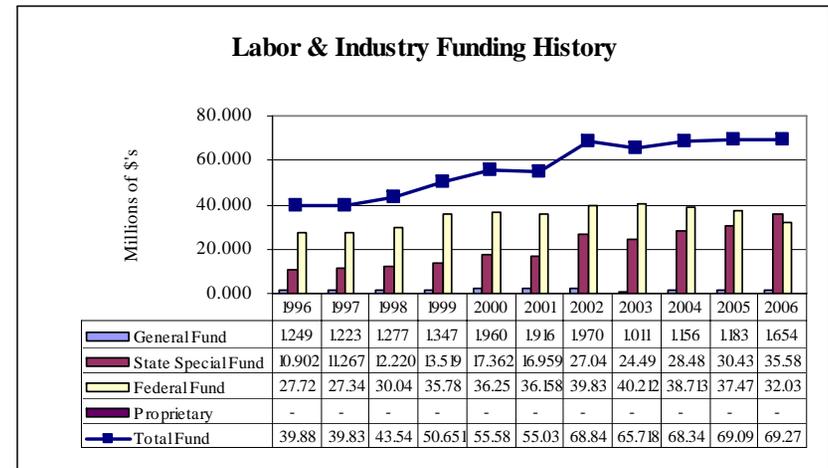
Element	1996	2005	Significance of Data
Montana unemployment rate	5.3%	3.8%	Influences job service programs and unemployment benefits administration
Unemployment benefits paid	\$72.4M	\$73.0M	Indicates demand for benefits administration
Workers receiving job training*	5,095	4,776	Indicates demand for job service programs
Total number of jobseekers	27,767	51,603	Indicates demand for job service programs
Workers' compensation claims filed	32,728	32,164**	Indicates demand for services
Weights & measures inspections	14,549	20,238	Indicates demand for services
Building inspections	41,376	62,131	Indicates demand for services and workload over period
Number of professional and occupational licensing boards	37	37	Indicates changes to workload over time
Number of Americorps members	227	535	Indicates demand for program and changes to workload
Workers' compensation hearings	56	41	Indicates demand for services and insight into changes to workers' compensation claims and regulations

* Includes Workforce Investment Account, Commerce Incumbent Worker, Trade Adjustment Assistance, Jobs for Montana Graduates, and the Registered Apprenticeship Program

** Claims filed in 2005



Expenditure History



Reasons for Expenditure Growth/Change

- Despite the overall decline in general fund expenditures, there was a temporary, three-year spike in FY 2000-2002 as expenditures grew by 45 percent and maintained that level for three years. This growth is attributed to the following expenditures:
 - Jobs for Montana Graduates was given a \$280,000 per year increase
 - The Human Rights Commission was given a \$142,000 per year increase
- By FY 2003, however, general fund expenditures dropped below the 1999 level as the 2002 special session moved the Apprenticeship & Training Program, Jobs for Montana Graduates, the Displaced Homemakers Program, and a portion of human rights funding off general fund and replaced it with Employment Security Account funds.